

The payments are a function of the farmer's established program crop acreage times the established program yield multiplied (per a formula) by a set payment rate. The crop acreage and program yields remain constant throughout the 7 years, but payment rates are scheduled to generally decline. Nonrecourse marketing loans administered by the Commodity Credit Corporation remain available for the contract crops, oilseeds, and extra long staple cotton. The loan rates are generally much lower than past support levels and marketing loans are available to producers. Consequently, farmers don't necessarily have to place the commodity under loan in order to receive the benefits for which they are eligible and the Government's potential financial exposure through loan defaults is reduced.

**Restrictions:** Farmers are not bound to plant any particular set of crops and have flexibility as to what they do plant, with some exceptions pertaining to fruits and vegetables. Two requirements that farmers must meet are to comply with established conservation measures and either buy crop insurance or sign a waiver to all Federal disaster assistance.

**Exceptions:** The legislation contains special language for peanuts and sugar that generally maintains the structure of those programs established under the previous legislation but at lower support levels, thereby reducing the Government's exposure. The dairy price support program will be phased out over 4 years and the dairy milk marketing orders are to be reduced by two-thirds in 3 years. Tobacco program provisions are covered under separate legislation and are not affected by the 1996 Farm Act.

## ■ Number of Farms and Net Cash Income by Sales Class

The number of farms decreased slightly to 2,057,910 in 1997, and the percent of farms in each major sales class changed somewhat. Almost three quarters of all U.S. farms have annual sales of less than \$50,000, while approximately 1 percent of all farms have sales greater than \$1 million. Farms with over \$250,000 in sales account for less than 7 percent of all farms but dominate American agricultural output. These large farms sell 65 percent of the Nation's livestock and 61 percent of the crops. They have 61 percent of the gross cash income compared with 59 percent of the cash expenses. In 1997 they accounted for 67 percent of the Nation's net cash income. Approximately 35 percent of direct Government payments went to these farms.

Table 3-8

Government payments, by program and State, 1997<sup>1</sup>

State	Feed grain	Wheat	Rice	Cotton	Wool/Act	Conservation <sup>2</sup>	Miscellaneous <sup>3</sup>	Total
Alabama	(318)	(3)	0	(112)	0	25,138	41,081	65,785
Alaska	0	0	0	0	990	500	1,490	
Arizona	(140)	(59)	0	(933)	(7)	787	47,019	46,667
Arkansas	(1,502)	(394)	7	(505)	0	12,912	264,339	274,857
California	(1,022)	(147)	(11)	(1,217)	6	13,200	209,727	220,536
Colorado	(8,687)	(318)	0	0	78,338	106,292	175,626	
Connecticut	(77)	0	0	0	162	1,299	1,384	
Delaware	(571)	(1)	0	0	0	347	5,950	5,725
Florida	(106)	(1)	0	(11)	0	5,967	13,198	19,047
Georgia	(892)	(38)	0	(249)	0	27,866	82,520	109,207
Hawaii	0	0	0	0	163	391	554	
Idaho	(301)	(528)	0	0	1	38,583	72,675	110,429
Illinois	(81,151)	(135)	0	0	0	62,071	571,701	552,486
Indiana	(44,556)	(71)	0	0	0	30,364	279,429	265,166
Iowa	(86,847)	(1)	0	0	0	148,216	651,533	712,901
Kansas	(29,526)	(1,356)	0	0	0	151,940	408,725	529,784
Kentucky	(7,354)	(39)	0	0	0	22,353	68,107	83,067
Louisiana	(824)	(42)	(27)	(534)	0	7,578	151,195	157,346
Maine	(66)	0	0	0	2,170	2,152	2,093	4,197
Maryland	(1,962)	(4)	0	0	0	2,152	19,304	19,490
Massachusetts	(45)	0	0	0	0	211	1,030	1,196
Michigan	(19,121)	(90)	0	0	1	20,854	119,642	121,287
Minnesota	(56,472)	(540)	0	0	(5)	86,946	387,120	417,049
Mississippi	(629)	(26)	5	(520)	0	35,562	135,469	169,861
Missouri	(15,484)	(145)	0	(72)	0	104,659	189,108	278,066
Montana	(422)	(571)	0	1	101,164	130,745	230,918	
Nebraska	(82,023)	(282)	0	0	69,287	467,616	454,598	

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Government payments, by program and State, 1997<sup>1</sup>

State	Feed grain	Wheat	Rice	Cotton	Wool Act	Conservation <sup>2</sup>	Miscellaneous <sup>3</sup>	Total
Nevada	(1)	(5)	0	0	0	940	1,161	2,096
New Hampshire	(30)	0	0	0	0	172	747	889
New Jersey	(537)	0	0	0	0	226	3,940	3,629
New Mexico	(1,228)	(35)	0	(25)	0	18,201	22,085	38,998
New York	(4,622)	(13)	0	0	0	4,601	39,667	39,633
North Carolina	(3,349)	(28)	0	(61)	0	17,744	73,459	87,764
North Dakota	(5,178)	(1,305)	0	0	5	103,387	264,640	361,549
Ohio	(25,323)	(146)	0	0	0	25,899	185,998	186,429
Oklahoma	(1,622)	(916)	0	(66)	0	49,644	158,561	205,601
Oregon	(103)	(170)	0	0	2	26,371	37,328	63,429
Pennsylvania	(2,910)	(3)	0	0	0	7,447	30,936	35,471
Rhode Island	(1)	0	0	0	0	35	88	122
South Carolina	(1,325)	(35)	0	(80)	0	12,242	32,242	43,044
South Dakota	(18,150)	(262)	0	0	0	70,459	216,067	268,113
Tennessee	(2,899)	(53)	3	(97)	0	20,310	58,944	76,209
Texas	(23,460)	(579)	(30)	(1,366)	10	157,557	516,435	648,567
Utah	(154)	(8)	0	0	0	9,491	10,767	20,095
Vermont	(129)	0	0	0	0	741	2,481	3,093
Virginia	(1,580)	(21)	0	(2)	0	5,989	26,204	30,590
Washington	(373)	(556)	0	0	0	53,529	94,680	147,279
West Virginia	(183)	(0)	0	0	0	2,425	3,433	5,675
Wisconsin	(26,168)	(9)	0	0	0	45,635	157,114	176,572
Wyoming	(302)	(29)	0	0	(3)	10,241	12,481	22,387
United States	(559,723)	(8,964)	(54)	(5,851)	14	1,693,264	6,377,266	7,495,953

<sup>1</sup>Includes both cash payments and payment-in-kind (PIK). <sup>2</sup>Includes Production Flexibility Contracts Payments under the 1996 Farm Act. Other programs included in the miscellaneous category are Rural Clean Water, Forestry Incentive Annual, Dairy Indemnity, Extended Warehouse Storage, Extended Farm Storage, Livestock Emergency Assistance, Interest Payments, Disaster, Loan Deficiency, Market Gains, Milk Marketing Fee, Options Pilot, Limitation Refund, Additional Interest, Noninsured Assistance, Interest on NAP, Karnal Bunt Fungus, Production Flexibility Reserve, Environment Quality Incentives, 90-Day Rule, Potato Diversification, Colorado River Salinity, and Wetlands Reserve.

Note: Unanticipated adjustments for deficiency payments owed to farmers in 1996 and repayments owed by farmers under the previous farm program are included in 1996 and 1997 payments. The negative numbers represent repayments by farmers.

Source: USDA, Economic Research Service, Resource Economics Division.

Table 3-9

Direct Government payments, by program, United States, 1950-97<sup>1</sup>

Year	Feed grains	Wheat	Rice	Cotton	Wool	Conservation <sup>2</sup>	Miscellaneous <sup>3</sup>	Total
Million dollars								
1950	np	np	np	np	np	246	37	283
1951	np	np	np	np	np	246	40	286
1952	np	np	np	np	np	242	33	275
1953	np	np	np	np	np	181	32	213
1954	np	np	np	np	np	217	40	257
1955	np	np	np	np	np	188	41	229
1956	np	np	np	np	54	220	280	554
1957	np	np	np	np	53	230	732	1,015
1958	np	np	np	np	14	215	859	1,088
1959	np	np	np	np	82	233	367	682
1960	np	np	np	np	51	223	429	703
1961	772	42	np	np	56	236	387	1,493
1962	841	253	np	np	54	230	368	1,746
1963	843	215	np	np	37	231	370	1,696
1964	1,163	438	np	39	25	236	278	2,179
1965	1,391	525	np	70	18	224	235	2,463
1966	1,293	679	np	773	34	231	267	3,277
1967	865	731	np	932	29	237	284	3,078
1968	1,366	747	np	787	66	229	268	3,463
1969	1,643	858	np	828	61	204	199	3,793
1970	1,504	871	np	919	49	208	166	3,717
1971	1,054	878	np	822	69	173	149	3,145
1972	1,845	856	np	813	110	198	140	3,962
1973	1,142	474	np	718	65	72	136	2,607
1974	101	70	np	42	<sup>4</sup>	192	125	530
1975	279	77	np	138	13	193	107	807
1976	196	135	<sup>4</sup>	108	39	209	47	734
1977	187	887	130	89	5	328	192	1,818
1978	1,172	963	3	127	27	239	499	3,030
1979	494	114	59	185	33	197	294	1,376
1980	382	211	2	172	28	214	276	1,285
1981	243	625	2	222	35	201	605	1,933
1982	713	652	156	800	46	179	946	3,492
1983	1,346	864	278	662	84	188	5,874	9,296
1984	367	1,795	192	275	118	191	5,493	8,431
1985	2,861	1,950	577	1,106	98	189	924	7,705
1986	5,158	3,500	423	1,042	112	254	1,325	11,814
1987	8,490	2,931	475	1,204	144	1,531	1,972	16,747
1988	7,219	1,842	465	924	117	1,607	2,306	14,480
1989	3,141	603	671	1,184	81	1,771	3,436	10,887
1990	2,701	2,311	465	441	96	1,898	1,386	9,298
1991	2,649	2,166	550	407	154	1,858	431	8,215
1992	2,499	1,403	512	751	188	1,899	1,916	9,168
1993	4,844	1,909	650	1,226	173	1,967	2,633	13,402
1994	1,447	1,156	337	826	202	1,978	1,933	7,879
1995	3,024	587	784	30	98	1,896	860	7,279
1996 <sup>5</sup>	(384)	(473)	175	(105)	56	1,793	6,279	7,340
1997	(560)	(9)	0	(6)	0	1,693	6,377	7,496

np = no program. <sup>1</sup>Components may not add due to rounding. Includes both cash payments and payments-in-kind (PIK). <sup>2</sup>Includes Great Plains and other conservation programs. <sup>3</sup>Through 1970, total amounts are for Soil Bank program, which was discontinued in 1971. Starting with 1971, amounts include all other programs.

<sup>4</sup>Less than \$500,000. <sup>5</sup>Commodity specific payments in 1996 reflect final deficiency payments due farmers under previous law, as well as repayments by farmers of unearned deficiency payments disbursed in advance of final determination. Production flexibility payments under the 1996 Farm Act are included in the miscellaneous category.

Source: USDA, Economic Research Service, Resource Economics Division.

Table 3-10.

Number of farms and net cash income by size class, 1997<sup>1</sup>

Item	Number of farms	19	35	83	207	188	270	1,257
		Thousands						
		Million dollars						
Gross cash income	71,104	31,298	36,324	43,506	20,679	12,675	12,366	
Cash receipts from marketings	68,126	29,470	33,590	39,828	18,470	11,049	8,132	
Crops	33,421	15,419	19,621	24,024	9,861	6,485	3,265	
Government supported	4,886	6,743	10,210	11,722	4,718	2,660	867	
Nonsupported	28,535	8,676	9,411	12,303	5,143	3,825	2,398	
Livestock	34,706	14,051	13,969	15,803	8,609	4,564	4,867	
Government payments	470	762	1,397	2,051	974	962	880	
Farm-related income	2,508	1,067	1,337	1,627	1,235	664	3,353	
Cash expenses	50,015	21,367	26,650	31,306	14,065	10,004	13,762	
Net cash income	21,090	9,932	9,674	12,200	6,614	2,671	(1,397)	
Percent								
Percent of total:								
Number of farms	0.9	1.7	4.0	10.1	9.1	13.1	61.1	
Gross cash income	31.2	13.7	15.9	19.1	9.1	5.6	5.4	
Cash receipts from marketings	32.6	14.1	16.1	19.1	8.9	5.3	3.9	
Crops	29.8	13.8	17.5	21.4	8.8	5.8	2.9	
Government supported	11.7	16.1	24.4	28.0	11.3	6.4	2.1	
Nonsupported	40.6	12.3	13.4	17.5	7.3	5.4	3.4	
Livestock	35.9	14.6	14.5	16.4	8.9	4.7	5.0	
Government payments	6.3	10.2	18.6	27.4	13.0	12.8	11.7	
Farm-related income	21.3	9.0	11.3	13.8	10.5	5.6	28.4	
Cash expenses	29.9	12.8	15.9	18.7	8.4	6.0	8.2	
Net cash income	34.7	16.3	20.1	10.9	4.4	-2.3		

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Table 3-10.

Item	Number of farms and net cash income by size class, 1997 <sup>1</sup>					
	\$1,000,000 and over	\$500,000 to \$999,999	\$250,000 to \$499,999	\$100,000 to \$249,999	\$50,000 to \$99,999	\$20,000 to \$49,999
	Dollars					
Per farm operation: <sup>1</sup>						
Gross cash income	3,788,552	900,997	437,983	210,210	110,145	46,934
Cash receipts from marketings	3,629,883	848,350	405,024	192,438	98,378	40,912
Crops	1,780,711	443,872	236,587	116,080	52,524	24,014
Government supported	260,341	194,099	123,107	56,637	25,130	9,849
Nonsupported	1,520,370	249,773	113,480	59,443	27,394	14,165
Livestock	1,849,172	404,479	168,437	76,358	45,854	16,898
Government payments	25,054	21,933	16,840	9,910	5,187	3,563
Farm-related income	133,615	30,714	16,119	7,862	6,581	2,459
Cash expenses	2,664,864	615,090	321,339	151,263	74,918	37,043
Net cash income	1,123,688	285,907	116,644	58,947	35,227	9,891
						(1,111)

<sup>1</sup>Farm operations may have several households sharing in the earnings of the business (for example, partners or shareholders in the farm corporation). The number of households per farm operation tends to increase as sales per farm increase.

Source: USDA, Economic Research Service, Resource Economics Division